

AR45



**CONSUMERS DISTRIBUTING 1972 ANNUAL REPORT**



**Directors**

**Jack Stupp**, Chairman of the Board and President, Toronto  
**L. S. D. Fogler, Q.C.**, Barrister and Solicitor, Toronto  
**A. J. Latner**, President, Greenwin Construction Company, Toronto  
**Lillian Stupp**, Toronto  
**H. L. Wolfson**, Economic Consultant, Toronto

**Executive Officers**

**Jack Stupp**, Chairman of the Board and President  
**Larry Sperling**, Executive Vice-President  
**Albert Binstock**, Vice-President, Merchandising  
**George Graff**, Vice-President, Operations  
**Peter M. C. Onions**, Vice-President and Comptroller  
**Reginald J. Robertson**, Vice-President, Property Development  
**A. Roy Voelker**, Vice-President, Corporate Staff  
**L. S. D. Fogler, Q.C.**, Secretary-Treasurer

**Transfer Agent  
and Registrar**

Guaranty Trust Company of Canada, Toronto

**Auditors**

Laventhol Krekstein Horwath & Horwath, Toronto

**Bankers**

Canadian Imperial Bank of Commerce

**Listed**

The Toronto Stock Exchange

**Head Office**

62 Belfield Road, Rexdale, Ontario M9W 1G2

**Financial Highlights**

		1972	1971
<b>Sales</b>	Consumers Distributing .....	<b>\$55,785,000</b>	\$42,918,000
	Consumers 'National' .....	<b>\$17,704,000</b>	\$ 5,228,000
<b>Net Profit</b> .....		<b>\$ 3,201,000</b>	\$ 2,222,000
<b>Earnings per Share</b> .....		<b>75¢</b>	55¢
<b>Working Capital</b> .....		<b>\$ 8,580,000</b>	\$ 6,939,000
<b>Shares</b>	Number outstanding at year-end .....	<b>4,453,056</b>	4,060,250
<b>Showrooms</b> (at year-end)	Consumers Distributing .....	<b>56</b>	49
	Consumers 'National' .....	<b>26</b>	9

## To our Shareholders

A number of significant events have occurred in your company's short history, but probably none have been as exciting as the formation with The May Department Stores Company of St. Louis, Missouri, of a joint-partnership company to establish a chain of Consumers Distributing catalogue-showroom outlets throughout the United States.

In Canada, your company continued its strong growth both in our wholly-owned operations in Ontario and in Consumers Distributing Company (National) Limited, in which we hold a 50 percent interest. The total number of showrooms operating at year-end was 82, an increase from 58 a year earlier. Combined sales of Consumers Distributing and Consumers 'National' climbed to \$73.4 million for 1972 from \$48.1 million the previous year.

Total profits for your company, including its share in the profits of Consumers 'National', rose to \$3,201,000 from \$2,222,000 a year earlier. Earnings per share increased by 36 percent to 75 cents in 1972 from 55 cents the previous year.

Share earnings for 1971 have been adjusted for the two-for-one split which was effected August 14, 1972. Results for 1972 also take into account the shares issued during the year on the conversion of debentures, the entire issue of which was called for redemption August 11.

### Consumers Distributing

Sales through Ontario showrooms continued their momentum in 1972, rising to

\$55,785,000 from \$42,918,000 the previous year. During the year, seven new showrooms were opened in the Province of Ontario and two established outlets relocated to new premises, for a total of 56 in operation at year-end. A large number of new locations are being prepared for opening in 1973.

Your company is continuing its policy of locating all new showrooms in prime commercial areas, often in premises built to our specifications and located within or close to busy shopping centres.

In October, we welcomed to the company Mr. Larry Sperling upon his appointment as executive vice-president of Consumers Distributing Company Limited. Mr. Sperling assumed senior administrative responsibility for the company's operations and brought to the company an impressive background of more than 20 years in administration, finance and accounting, most recently serving as assistant to the president of IBM Canada Ltd.

The company has now outgrown its 225,000-square-foot distribution centre and its facilities were supplemented during the peak fall season by five satellite warehouses.

Currently under construction in the Malton area of northwest Toronto is a giant new distribution centre totaling 625,000 square feet which will be occupied under long-term lease by your company upon completion in mid-1973. This new facility has been designed to serve the distribution and warehousing requirements for Consumers Distributing and Consumers 'National'.



Your company has established a foreign buying office in Japan. Our imports have been among the fastest-growing segments of our business and this new office will enable us to co-ordinate most effectively the purchase of quality merchandise from the Pacific area.

The company's inventory position as at December 31 is higher than in previous years, principally as a result of the increased import merchandise program. In the latter part of 1972, in anticipation of the currency revaluation which finally occurred in February 1973, we accelerated our import purchases and this placed us in a substantially beneficial position during the early months of the current year.

#### **Consumers 'National'**

Sales for the first full year of operation of Consumers 'National' increased to \$17,704,000 from \$5,228,000 the previous year. Your company's share in the profits of Consumers 'National' increased to \$451,000 from \$165,000 in 1971. This earnings contribution is reflected in the consolidated earnings and per share results reported earlier.

During the year, Consumers 'National' established its first outlets in the Atlantic provinces with the opening of two showrooms, in Halifax and in Moncton. Additional outlets were opened in Quebec province and at year-end the 'National' company had 26 showrooms in operation, 17 of which were opened in 1972. Additionally, one showroom located in a Montreal shopping centre was expanded to facilitate its large volume of business.

As you know, ownership of Consumers 'National' is held 50-50 between your company



and The Oshawa Group Limited. Management is provided by your company and financing by Oshawa.

Your company's share of the profits of the 'National' company is included in the consolidated financial statements of Consumers Distributing under the equity method of accounting for such investments, often referred to as a one-line consolidation.

Expansion of the Consumers 'National' chain in the Maritimes and Quebec is continuing in 1973 and to-date three outlets have opened. In addition, we have been pleased to announce plans for the first Consumers Distributing outlets in Western Canada, scheduled for opening in Winnipeg later in the year.



### **Consumers 'U.S.'**

The first Consumers Distributing catalogue showrooms will be opened in the United States in 1973 under a joint-partnership company formed by your company and The May Department Stores Company of St. Louis. Fifty catalogue showrooms will be opened by this fall in the greater New York and greater San Francisco areas. Construction is underway on a large distribution centre in each area.

Ownership of Consumers Distributing Company (U.S.) is shared equally by the two companies, with the May company providing financing for the new venture and your company providing conceptual guidance and management expertise.

A strong, experienced senior executive team has been brought together to direct Consumers 'U.S.' Foremost among the other senior appointments were Mr. Wilbert B. Dubin, Executive Vice-President, operations and administration; Mr. Lloyd Swanson, Executive Vice-President, merchandising; and Mr. David E. Houseman, Controller and chief financial officer. Your president, is chairman and chief executive officer of Consumers 'U.S.', and was recently elected to the Board of Directors of The May Department Stores Company.

The headquarters of Consumers 'U.S.' have been located at Secaucus, New Jersey, near New York City. Plans call for establishing a minimum of 150 catalogue-showrooms across the United States as rapidly as possible. The U.S. operations will parallel the successful format established by Consumers Distributing in Canada.

### **Outlook**

Catalogue-showroom merchandising is today the fastest-growing form of retailing in North America. It constitutes a unique but mature format that provides the discriminating shopper with excellent values in consumer hardlines merchandise. We firmly believe that the outstanding success in Canada for which Consumers Distributing has been widely recognized will be repeated in the much larger and more affluent United States market.

### **Appreciation**

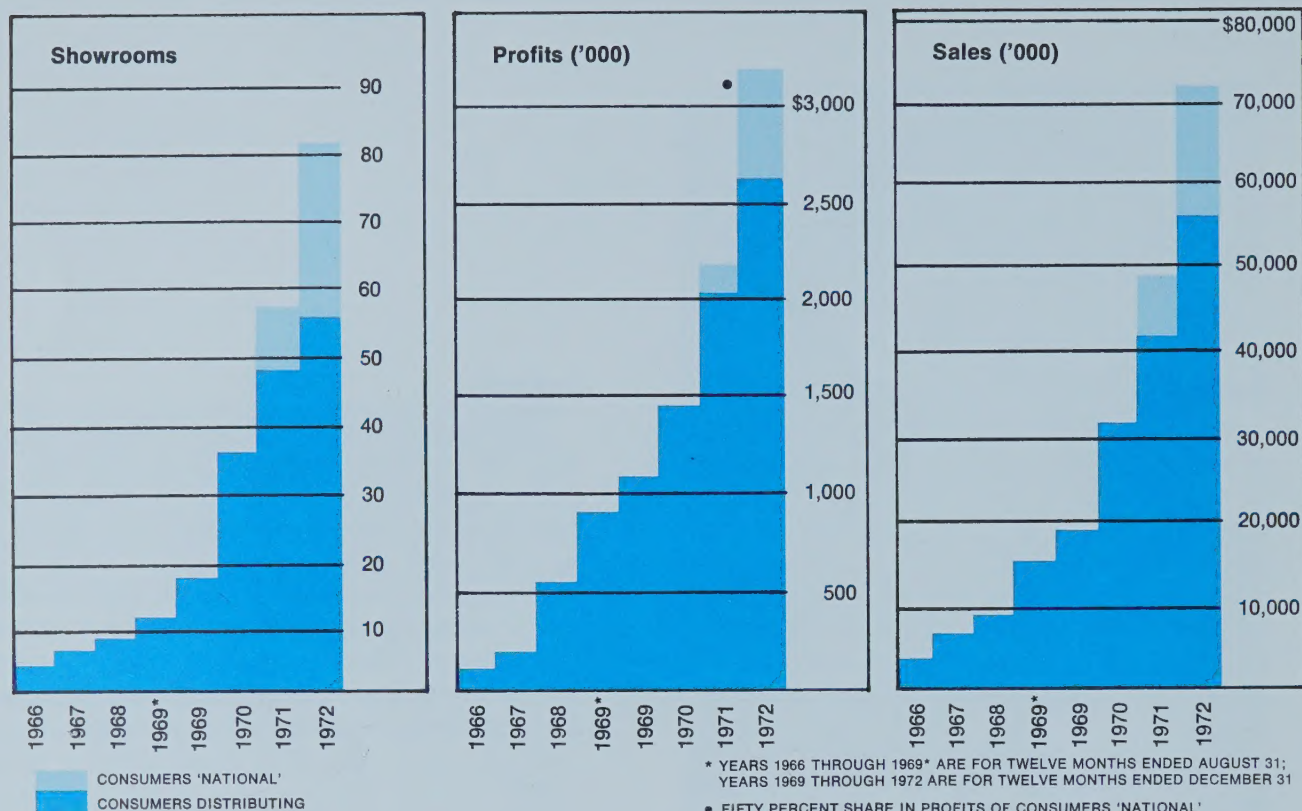
On behalf of the Board of Directors, I extend thanks to our employees for their dedication and diligence and to our customers and suppliers for their continuing support.



Toronto  
April 17, 1973

Jack Stupp  
President

**CONSUMERS DISTRIBUTING**



## Five Year Comparative Summary

	1972	1971	1970	1969	1969*
Sales (\$000's) Consumers Distributing .....	\$55,785	\$42,918	\$31,216	\$19,321	\$15,126
Consumers 'National' .....	17,704	5,228	—	—	—
Share of net earnings of Consumers 'National' .....	451	165	—	—	—
Earnings Before Taxes .....	5,751	4,276	3,011	2,372	1,041
Income Taxes .....	2,550	2,055	1,589	1,257	1,026
Net Income .....	3,201	2,222	1,421	1,115	915
Working Capital .....	8,580	6,939	5,501	2,168	1,800
Total Assets .....	27,601	19,955	14,849	7,165	4,932
Shareholders' Equity .....	12,337	6,693	4,395	2,973	2,157
Shares Outstanding** .....	4,453,056	4,060,250	4,050,000	4,050,000	4,050,000
Earnings Per Share** .....	75¢	55¢	35¢	28¢	23¢
Showrooms					
Consumers Distributing .....	56	49	36	18	12
Consumers 'National' .....	26	9	—	—	—

\* YEAR 1969\* IS FOR TWELVE MONTHS ENDED AUGUST 31;  
 YEARS 1969 THROUGH 1972 ARE FOR TWELVE MONTHS ENDED DECEMBER 31

\*\* SHARE DATA IS ADJUSTED FOR THE TWO-FOR-ONE STOCK SPLIT OF AUGUST 14, 1972



## Consolidated Statement of Income and Retained Earnings

	Year Ended December 31	
	1972	1971
Income		
Sales .....	\$55,784,801	\$42,918,081
Share of net earnings of Consumers Distributing Company (National) Limited (note 1) .....	451,435	164,612
	<u>56,236,236</u>	<u>43,082,693</u>
Cost and expenses		
Cost of sales and operating expenses (note 3) .....	49,592,967	38,087,198
Debenture interest (including amortization of financing expenses of \$12,000) .....	115,680	278,625
Other interest .....	453,717	208,745
Depreciation and amortization of equipment and leasehold improvements .....	323,363	231,813
	<u>50,485,727</u>	<u>38,806,381</u>
Income before income taxes .....	5,750,509	4,276,312
Income taxes (note 5) .....	2,549,900	2,054,715
Net income .....	3,200,609	2,221,597
Retained earnings at beginning of year .....	5,900,004	3,678,407
	<u>9,100,613</u>	<u>5,900,004</u>
Tax paid to create tax-paid undistributed surplus on hand .....	(77,288)	—
Tax-paid dividends .....	(429,537)	—
Retained earnings at end of year .....	<u>\$ 8,593,788</u>	<u>\$ 5,900,004</u>
Earnings per share (note 11) .....	<u>\$ 0.75</u>	<u>\$ 0.55</u>

See accompanying notes

### Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Consumers Distributing Company Limited and its subsidiaries as at December 31, 1972 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements

present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
March 29, 1973

*Levinthal Kitchener Horwath & Horwath*  
Chartered Accountants

**CONSUMERS DISTRIBUTING**

# Consolidated Balance Sheet

December 31

Assets	1972	1971
Current		
Cash .....	\$ 189,653	\$ 1,385,247
Accounts receivable .....	679,693	231,594
Inventory, at lower of cost and net realizable value .....	21,252,502	14,083,536
Prepaid expenses and sundry assets .....	780,117	887,796
Total current assets .....	22,901,965	16,588,173
Investment in Consumers Distributing Company (National) Limited (note 1) .....	616,247	164,812
Equipment and leasehold improvements, at cost less accumulated depreciation and amortization (note 2) .....	3,287,220	2,633,708
Other assets		
Financing expenses, less amounts amortized .....	90,490	102,490
Deferred charges, less amounts amortized (note 3) .....	705,048	465,373
	795,538	567,863
	<u>\$27,600,970</u>	<u>\$19,954,556</u>
Liabilities		
Current		
Bank loan (note 4) .....	\$ 4,015,000	\$ 158,000
Accounts payable and accrued liabilities .....	7,888,327	8,522,720
Advances from Consumers Distributing Company (National) Limited .....	1,603,123	250,140
Income taxes .....	815,805	718,240
Total current liabilities .....	14,322,255	9,649,100
9% Convertible Debentures, Series A, due June 30, 1980 (note 6) .....	—	2,925,000
Deferred income taxes (note 5) .....	941,425	687,017
Shareholders' Equity		
Capital (notes 6 and 7)		
Authorized		
12,000,000 Common shares, without par value		
Issued		
4,453,056 Common shares .....	3,743,502	793,435
Retained earnings .....	8,593,788	5,900,004
	12,337,290	6,693,439
	<u>\$27,600,970</u>	<u>\$19,954,556</u>

See accompanying notes

Approved on behalf of the Board of Directors

JACK STUPP (Director)

L. S. D. FOGLER (Director)

**CONSUMERS DISTRIBUTING**

(Incorporated under the laws of the Province of Ontario)



# Consolidated Statement of Source and Application of Funds

Year Ended December 31

	1972	1971
Source of funds		
From operations		
Net income .....	\$3,200,609	\$2,221,597
Add (deduct) charges (credits) to income not requiring a current outlay of funds		
Depreciation and amortization of equipment and leasehold improvements .....	323,363	231,813
Amortization of deferred charges .....	224,456	155,350
Amortization of financing expenses .....	12,000	12,000
Deferred income taxes .....	254,408	204,780
Share of net earnings of Consumers Distributing Company (National) Limited .....	(451,435)	(164,612)
	<u>3,563,401</u>	<u>2,660,928</u>
Issue of shares (note 6) .....	25,067	1,975
	<u>3,588,468</u>	<u>2,662,903</u>
Application of funds		
Deferred charges .....	464,131	316,546
Tax paid to create tax-paid undistributed surplus on hand . . .	77,288	—
Dividends .....	429,537	—
Equipment and leasehold improvements .....	976,875	907,966
Investment in shares of Consumers Distributing Company (National) Limited .....	—	200
	<u>1,947,831</u>	<u>1,224,712</u>
Increase in working capital .....	1,640,637	1,438,191
Working capital at beginning of year .....	6,939,073	5,500,882
Working capital at end of year .....	<u>\$8,579,710</u>	<u>\$6,939,073</u>

See accompanying notes



## Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 1972

### 1. Principles of consolidation

- a) The consolidated financial statements include the accounts of the company and subsidiary companies, all of which are wholly-owned. Investment in 50% of the common shares of Consumers Distributing Company (National) Limited is carried at cost plus the company's equity in undistributed net earnings, and the company's share of net income is included in the consolidated statement of income and retained earnings.

Condensed operating results of Consumers Distributing Company (National) Limited are as follows:

	12 months ended December 31, 1972	4 months ended December 31, 1971
Sales .....	<u>\$17,703,693</u>	<u>\$ 5,227,686</u>
Net income .....	<u>\$ 902,870</u>	<u>\$ 329,224</u>

- b) During the year, a wholly-owned subsidiary of the company entered into a partnership agreement for the purpose of opening Catalogue Showrooms in the United States. Under the agreement, the company's wholly-owned subsidiary is entitled to share in 50% of the profits from the U.S. operations which are scheduled to begin in the Fall of 1973 (Note 3).

### 2. Equipment and leasehold improvements

	Annual rates	Cost	Accumulated Depreciation and Amortization	Net
Office, warehouse and showroom equipment	5% and 10%	\$2,990,456	\$599,505	\$2,390,951
Leasehold improvements	Term of lease	799,417	210,653	588,764
Automotive equipment	10% and 20%	<u>392,632</u>	<u>85,127</u>	<u>307,505</u>
		<u>\$4,182,505</u>	<u>\$895,285</u>	<u>\$3,287,220</u>

The annual rates are applied to original cost and are designed to write off the assets over their estimated useful life.

### 3. Deferred charges

	1972	1971
Pre-opening costs relating to new branches — amortized over 24 months for Metropolitan Toronto locations and over 36 months for other locations, commencing with the month after the date of opening	<u>\$299,603</u>	<u>\$253,108</u>
Costs for development of new systems and procedures — amortized over varying periods not exceeding five years	<u>186,601</u>	<u>212,265</u>
Costs related to a partnership agreement entered into by a wholly-owned subsidiary — to be amortized against partnership income (Note 1 (b))	<u>218,844</u>	<u>—</u>
	<u>\$705,048</u>	<u>\$465,373</u>

Deferred charges amortized during 1972 and included in cost of sales and operating expenses on the consolidated statement of income and retained earnings amounted to \$224,456 (1971 — \$155,350).

### 4. Bank loan

As security for the bank loan the bank holds a collateral floating charge on all assets of the company, an assignment of book debts and assignments of life insurance policies in the amount of \$2,100,000.

### 5. Income taxes

The company follows the tax allocation principle of providing for income taxes. Under this principle, deferred income taxes result from claiming for income tax purposes capital cost allowances in excess of depreciation and amortization recorded in the accounts, and from writing off for income tax purposes financing expenses, deferred charges and other deferred costs during the year incurred.

Income taxes have been reduced in the year by \$32,500 in respect of the 5% investment tax credit granted by the Province of Ontario applicable to eligible purchases of new equipment.



## Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 1972

### 6. Capital stock

	1972		1971	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Balance at beginning of year	2,030,125	\$ 793,435	2,025,000	\$716,460
Stock split*	2,030,125	—	—	—
As restated	4,060,250	\$ 793,435	2,025,000	\$716,460
Shares issued during year:				
On exercise of stock options (note 7)	2,850	25,067	125	1,975
On conversion of Series A debentures**	389,956	2,925,000	5,000	75,000
Balance at end of year	<u>4,453,056</u>	<u>\$3,743,502</u>	<u>2,030,125</u>	<u>\$793,435</u>

\*On August 14, 1972 the company's common shares were split on a 2 for 1 basis.

\*\*During the year the 9% Convertible Debentures, Series A, due June 30, 1980 were converted into 389,956 common shares.

### 7. Stock options and reservation of shares

In connection with the company's Employee Stock Option Plan, 200,000 common shares have been reserved. At December 31, 1972, there were options outstanding to purchase 183,850 shares exercisable at prices ranging from \$7.75 to \$32.50 over the next ten years.

### 8. Lease obligations

Property and equipment rental for the year ended December 31, 1972 amounted to \$2,386,677.

Annual minimum rentals payable under long-term leases for property and equipment in effect as at December 31, 1972 (excluding insurance, property taxes and certain other occupancy charges) are as follows:

1973	\$2,483,838	1978	2,287,938
1974	2,585,718	1979	2,274,594
1975	2,413,030	1980	1,946,163
1976	2,346,312	1981	1,808,040
1977	2,322,055	1982 to '97 (Incl.)	22,090,715

### 9. Contingent liability

The company is jointly and severally liable with The Oshawa Group Limited as guarantor of the leases of Consumers Distributing Company (National) Limited. The annual minimum rentals payable by Consumers Distributing Company (National) Limited under long-term leases in effect as at December 31, 1972 are as follows:

1973	\$ 682,179	1978	640,465
1974	688,716	1979	640,465
1975	695,389	1980	640,465
1976	696,972	1981	628,081
1977	675,641	1982 to '97 (Incl.)	7,329,516

### 10. Remuneration of directors and senior officers

The aggregate direct remuneration paid by the company and its consolidated subsidiaries to directors and senior officers of the company for the year ended December 31, 1972 was \$336,783.

### 11. Earnings per share

The earnings per share figures were calculated using the weighted daily average of shares outstanding during the respective fiscal years. Fully diluted earnings per share for 1972 would be \$.74 and reflect the effect on earnings per share which would result from the exercise of all employee stock options based on the assumption that the funds to be derived therefrom would be used to reduce the bank loan. The imputed savings, after income taxes, would be \$59,500.

### 12. Comparative figures

Comparative 1971 balance sheet figures have been reclassified to conform with 1972 statement presentation.

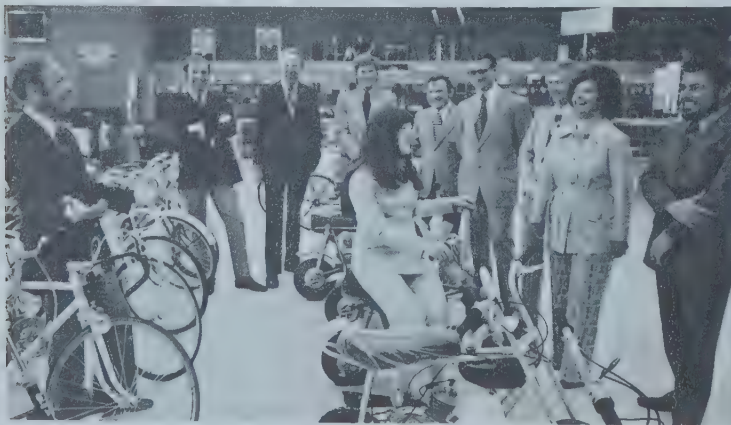




*Peter Onions, vice-president and comptroller, addresses fellow members of the management committee — (from left) John Turner, director of information services, George Graft, vice-president, operations, Reginald Robertson, vice-president, property development, Larry Sperling, executive vice-president, Roy Voelker, vice-president, corporate staff, Albert Binstock, vice-president, merchandising.*



*Nerve centre of Consumers Distributing's information and control system is this Honeywell computer installation. John Turner, director of information services (right) reviews a programme with Ralph Davenport.*



*George Graft, vice-president, operations (left), discusses showroom merchandise display with a group of branch operations personnel and supervisors. From left, Jerry Weiner, Nat Goody, John Grimes, Margaret Morrison (seated), John Paul Ross, Edward Sullivan, Dean Baker, Betty Cox, Garry Gies.*



*A Consumers Distributing customer finds shopping from a beautifully illustrated catalogue in a conveniently-located showroom is a pleasant way to save time and money.*





*Reginald Robertson, vice-president, property development, whose department is responsible for site selection, construction and leasing examines plans for a new showroom with Marc Fournier.*



*Shopping is easy and enjoyable at Consumers Distributing.*



*Merchandise is shipped to 86 showrooms across Ontario, Quebec and the Atlantic Provinces from this huge distribution centre in Toronto.*



*Consumers Distributing issues two full-colour catalogues each year — a 224-page Fall annual edition containing 4,500 name-brand items and a Spring and Summer Supplement. The company's art department is headed by Frank Millsop (standing), discussing an illustration for the next issue with Frank Weir.*



*Albert Binstock, vice-president, merchandising, discusses merchandise selection with Leon Cantkier and Sol Rakoff.*



## 86 Showrooms in 63 Canadian Communities:

### Ontario (57)

#### BARRIE

353 Bayfield Avenue

#### BELLEVILLE

211 North Front Street

#### BRAMPTON

239 Queen Street East

#### BRANTFORD

331 King George Rd. N.

#### BROCKVILLE

71 Parkdale Avenue

#### BURLINGTON

2340 Fairview Avenue

#### CAMBRIDGE

551 Hespeler Road

#### CHATHAM

351 Richmond Street

#### CORNWALL

1340 Second Street East

#### GUELPH

220 Victoria Road South

#### HAMILTON

- 875 Barton Street East
- 25 Cannon Street East
- 319 Nash Road North
- 1050 Upper James Street

#### KINGSTON

277 Bath Road  
71 Princess Street

#### KITCHENER

1253 King Street East

#### LONDON

476 Clarke Road  
390 Springbank Drive  
352 Talbot Street

#### MISSISSAUGA

93 Dundas Street East

#### NIAGARA FALLS

6847 Morrison Street

#### NORTH BAY

Nipissing Plaza

#### OAKVILLE

1054 South Service Road

#### OSHAWA

285k Taunton Road East

#### OTTAWA

1616 Merivale Road  
234 Preston Street  
867 St. Laurent Boulevard  
1440 Walkley Road

#### OWEN SOUND

Highways 21 and 6

#### PETERBOROUGH

Market Place  
Shopping Centre

#### RICHMOND HILL

9741 Yonge Street

#### SARNIA

1249 London Road East

#### SAULT STE. MARIE

293 Northern Avenue

#### ST. CATHARINES

224 Glendale Avenue  
43 James Street

#### STRATFORD

447 Huron Street

#### SUDBURY

918 Barrydowne Road

#### THUNDER BAY

Intercity Plaza

#### TORONTO

818 Dufferin Street  
370 Pape Avenue  
585 St. Clair Avenue West

#### EAST YORK

660 Eglinton Avenue East

#### ETOBICOKE

62 Belfield Road  
5230 Dundas Street West

#### NORTH YORK

877 Wilson Avenue  
5825 Yonge Street

#### SCARBOROUGH

301 Danforth Road  
4465 Kingston Road  
1536 Midland Avenue

#### YORK

1200 Castlefield Avenue

#### WATERLOO

25 King Street South

#### WELLAND

Lincoln Plaza

#### WHITBY

1810 Dundas Street East

#### WINDSOR

2400 Dougall Avenue  
7540 Tecumseh Road East

#### WOODSTOCK

972 Dundas Street

### Quebec (25)

#### CHATEAUGUAY

15, boul. St. Jean Baptiste

#### DRUMMONDVILLE

1320, rue Hébert nord

#### GRANBY

848, rue Principale

#### LEVIS

- 82, route Kennedy

#### MONTREAL

6700, ch. Côte des Neiges  
2565, rue Masson  
1646, rue St. Catherine  
6580, rue St. Hubert  
7275, rue Sherbrooke est

#### DORVAL

305, avenue Dorval  
2315, boulevard Hymus

#### LACHINE

2700, Victoria

#### LAFLECHE

3535, boul. Taschereau

#### LaSALLE

8371, boulevard Newman

#### LAVAL

3370, boulevard St. Martin

#### LONGUEUIL

2930, chemin Chambly

#### POINTE-AUX-TREMBLES

1480, boul. St. Jean Baptiste

#### ST. LAURENT

1120, boul. Laurentien

#### ST-LEONARD

4655, Jean Talon est  
9235, boul. Lacordaire

#### CITE DE QUEBEC

1870, rue d'Estimauville

#### SHERBROOKE

100, rue Grandes Fourches sud

#### TROIS-RIVIERES

4190, chemin des Forges

#### VALLEYFIELD

606, boul. Monseigneur Langlois

#### VILLE DE VANIER

345, rue Soumande

### New Brunswick (2)

#### MONCTON

120 Westmoreland Street

#### SAINT JOHN

- 30 Germain Street

### Nova Scotia (2)

#### DARTMOUTH

- 120 Woodlawn Road

#### HALIFAX

7071 Bayers Road



## 86 Salles d'exposition dans 63 localités canadiennes

**Quebec (25)**  
**CHATEAUGUAY**  
 15, boul. St. Jean Baptiste  
**DRUMMONDVILLE**  
 1320, rue Hébert nord  
**GRANBY**  
 848, rue Principale  
**LEVIS**  
 ■ 82, route Kennedy  
**MONTREAL**  
 6700, ch. Côte des Neiges  
 2565, rue Masson  
 1646, rue St. Catherine  
 6580, rue St. Hubert  
 7275, rue Sherbrooke est  
**DORVAL**  
 305, avenue Dorval  
 2315, boulevard Hymus  
**LACHINE**  
 2700, Victoria  
**LAFLECHE**  
 3535, boul. Taschereau  
**LasALLE**  
 8371, boulevard Newman  
**LAVAL**  
 3370, boulevard St. Martin  
**LONGUEUIL**  
 2930, chemin Chambly  
**POINTE-AUX-TREMLES**  
 1480, boul. St. Jean Baptiste  
**ST. LAURENT**  
 1120, boul. Laurentien  
**ST-LEONARD**  
 4655, Jean Talon est  
 9235, boul. Lacordaire  
**CITE DE QUEBEC**  
 1870, rue d'Estimauville  
**SHERBROOKE**  
 100, rue Grandes Fourches sud  
**TROIS-RIVIERES**  
 4190, chemin des Forges  
**VALLEYFIELD**  
 606, boul. Monseigneur Langlois  
**VILLE DE VANIER**  
 345, rue Soumande  
**Ontario (57)**  
**BARRIE**  
 353 Bayfield Avenue  
**BELLEVILLE**  
 211 North Front Street

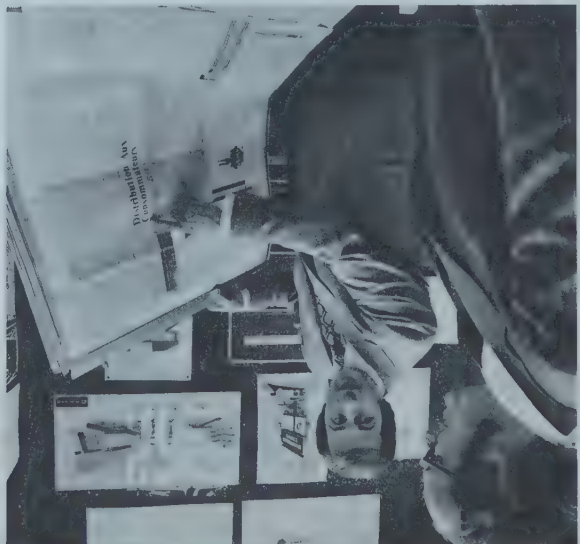
**BRAMPTON**  
 239 Queen Street East  
**BRANTFORD**  
 331 King George Rd. N.  
**BROCKVILLE**  
 71 Parkdale Avenue  
**BURLINGTON**  
 2340 Fairview Avenue  
**CAMBRIDGE**  
 551 Hespeler Road  
**CHATHAM**  
 351 Richmond Street  
**CORNWALL**  
 1340 Second Street East  
**GUELPH**  
 220 Victoria Road South  
**HAMILTON**  
 ■ 875 Barton Street East  
 25 Cannon Street East  
 319 Nash Road North  
 1050 Upper James Street  
**KINGSTON**  
 277 Bath Road  
 71 Princess Street  
**KITCHENER**  
 1253 King Street East  
**LONDON**  
 476 Clarke Road  
 390 Springbank Drive  
 352 Talbot Street  
**MISSISSAUGA**  
 93 Dundas Street East  
**Niagara Falls**  
 6847 Morrison Street  
**NORTH BAY**  
 Nipissing Plaza  
**OAKVILLE**  
 1054 South Service Road  
**OSHAWA**  
 285k Taunton Road East  
**OTTAWA**  
 1616 Merivale Road  
 234 Preston Street  
 867 St. Laurent Boulevard  
 1440 Walkley Road  
**OWEN SOUND**  
 Highways 21 and 6  
**PETERBOROUGH**  
 Market Place  
 Shopping Centre  
**RICHMOND HILL**  
 9741 Yonge Street  
**SARNIA**  
 1249 London Road East  
**SAULT STE. MARIE**  
 293 Northern Avenue  
**ST. CATHARINES**  
 224 Glendale Avenue  
 43 James Street  
**STRATFORD**  
 447 Huron Street  
**SUDBURY**  
 918 Barrydowne Road  
**THUNDER BAY**  
 Intercity Plaza  
**TORONTO**  
 818 Dufferin Street  
 370 Pape Avenue  
 585 St. Clair Avenue West  
**EAST YORK**  
 660 Eglinton Avenue East  
**ETOBICOKE**  
 62 Bellfield Road  
 5230 Dundas Street West  
**NORTH YORK**  
 877 Wilson Avenue  
 5825 Yonge Street  
**SCARBOROUGH**  
 301 Danforth Road  
 4465 Kingston Road  
 1536 Midland Avenue  
**YORK**  
 1200 Castletfield Avenue  
**WATERLOO**  
 25 King Street South  
**WELLAND**  
 Lincoln Plaza  
**WHITBY**  
 1810 Dundas Street East  
**WINDSOR**  
 2400 Dougall Avenue  
 7540 Tecumseh Road East  
**WOODSTOCK**  
 972 Dundas Street  
**New Brunswick (2)**  
**MONCTON**  
 120 Westmoreland Street  
**SAINT JOHN**  
 ■ 30 Germain Street  
**Nova Scotia (2)**  
**DARTMOUTH**  
 ■ 120 Woodlawn Road  
**HALIFAX**  
 7071 Bayers Road



Les marchandises sont expédiées à 86 salles d'exposition en Ontario, au Québec et dans les provinces de l'Atlantique, en provenance de ce grand centre de distribution de Toronto.



Reginald Robertson, vice-président, expansion la construction et la location, examine des plans pour un nouvel établissement, avec Marc Fournier.



Les achats sont faciles et agréables chez Distribution aux Consommateurs.



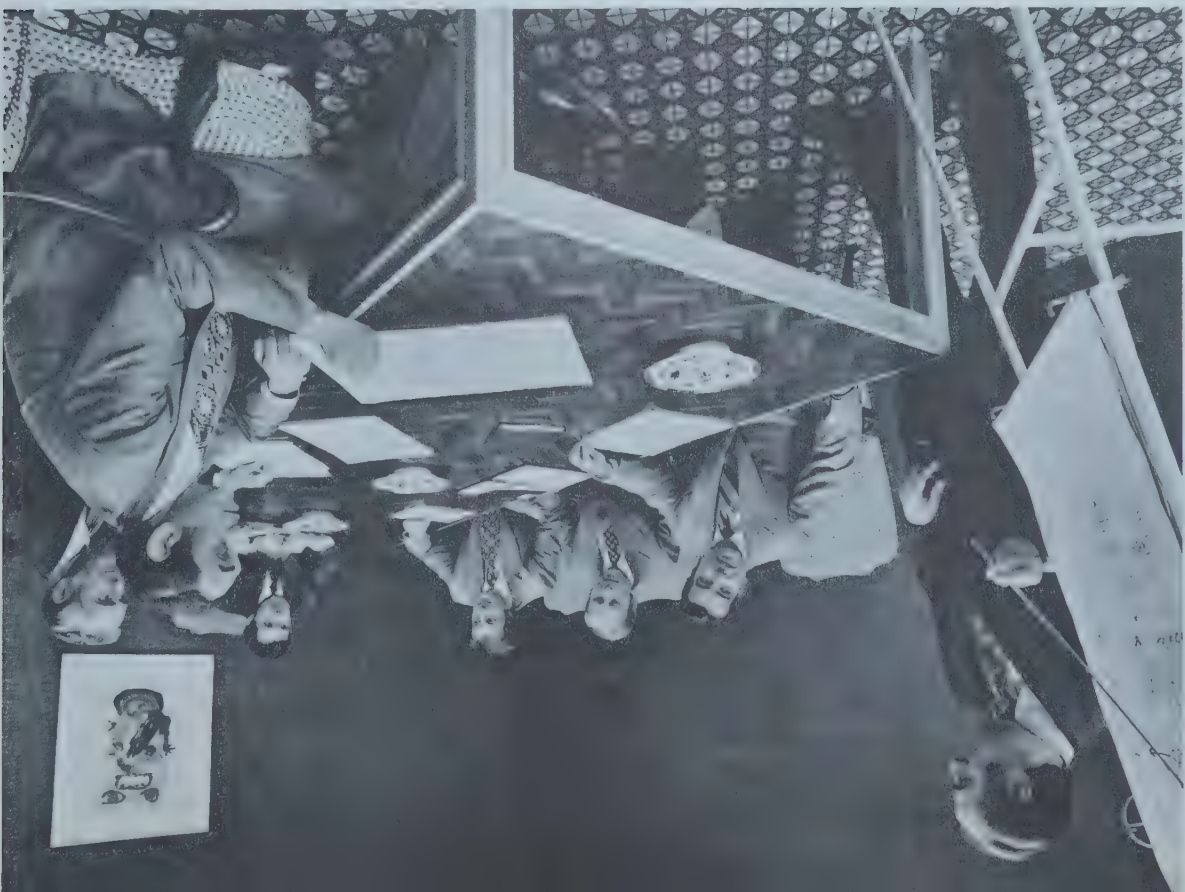
Albert Blinstock, vice-président, commercialisation, discute de sélection de marchandises avec Leon Cantkier et Sol Rakoff.



Distribution aux Consommateurs publie deux catalogues en couleur chaque année, soit une édition annuelle de 224 pages à chaque automne contenant 4,500 articles de marques connues et un supplément pour le printemps et l'été. Le service d'art graphique de la compagnie est dirigé par Frank Millisop, (debout) causant de l'illustration pour le prochain numéro avec Frank Weir.







Peter Onions, vice-président et contrôleur, parle à ses collègues du comité administratif — (de gauche) John Turner, directeur des services d'informations, George Graff, vice-président, exploitations, Reginald Robertson, vice-président, expansion, Larry Sperling, vice-président administratif, Roy Voelker, vice-président, personnel de la compagnie, Albert Binstock, vice-président, commercialisation.



Le centre nerveux du système de contrôle et d'informations de Distribution aux Consommateurs est cette installation d'ordinateurs Honeywell. John Turner, directeur des services d'informations (à droite) revolt un programme avec Ralph Davenport.



George Graff, vice-président, exploitations (à gauche), cause d'échelages et de personnel des opérations de succursales — (de gauche) Jerry Weiner, Nat Goody, John Grimes, Margaret Morrison (assis), John Paul Ross, Edward Sullivan, Dean Baker, Betty Cox, Garry Gies.



Un client de Distribution aux Consommateurs trouve très pratique de faire ses achats avec un catalogue illustré, placé dans la salle d'exposition où c'est agréable d'économiser du temps et de l'argent.



## Notes aux états financiers consolidés

### EXERCICE TERMINE LE 31 DECEMBRE 1972

#### 6. Capital-actions

	1972	1971		
Nombre d'actions émises	Montant	Nombre d'actions émises	Montant	
Solde au début de l'exercice	2,030,125 \$	793,435	2,025,000 \$	7716,460
Fractionnement d'actions*	—	—	—	—
Solde redressé	2,030,125	793,435	2,025,000	\$716,460
Actions émises pendant l'exercice: Par l'exercice des privilèges de souscription (Note 7)	2,850	25,067	125	1,975

\* Le 14 août 1972, les actions ordinaires de la compagnie ont été fractionnées à raison de 2 contre 1. \*\* Pendant l'exercice, les obligations non garanties convertibles, 9%, série A, échéant le 30 juin 1980, ont été converties en 389,956 actions ordinaires.

#### 7. Privilèges de souscription et actions réservées

Dans le cadre d'un privilège de souscription consenti à ses employés, la compagnie a réservé 200,000 actions ordinaires. Au 31 décembre 1972, des options avaient été consenties pour la souscription de 183,850 actions à des coûts s'échelonnant de \$7.75 à \$32.50 au cours des dix prochains exercices.

#### 8. Engagements des baux à long terme

Le coût de location d'immeubles et d'équipement s'élevait à \$2,386,677 pour l'exercice terminé le 31 décembre 1972.

Les engagements financiers annuels minimums résultant des baux à long terme en vigueur au 31 décembre 1972 (à l'exclusion de l'assurance, des taxes et autres frais d'occupation) sont les suivants:

1973	\$2,483,838	1978	2,287,938
1974	2,585,718	1979	2,274,594
1975	2,413,030	1980	1,946,163
1976	2,346,312	1981	1,808,040
1977	2,322,055	1982 à '97 (incl.)	22,090,715

#### 9. Passif éventuel

La compagnie est conjointement et solidairement responsable avec The Oshawa Group Limited, à titre de caution, des baux de Consumers Distributing Company (National) Limited. Les loyers minimums annuels payables par Consumers Distributing Company (National) Limited en vertu de baux à long terme en vigueur au 31 décembre 1972 sont les suivants:

1973	\$	682,179	1978	640,465
1974		688,716	1979	640,465
1975		695,389	1980	640,465
1976		696,972	1981	628,081
1977		675,641	1982 à '97 (incl.)	7,329,516

#### 10. Rémunération des administrateurs et des cadres supérieurs

Le cumul de la rémunération directe payée par la compagnie et ses filiales aux administrateurs et cadres supérieurs de la compagnie pour l'exercice terminé le 31 décembre 1972 s'élevait à \$336,783.

#### 11. Bénéfice par action

Le bénéfice par action a été calculé en fonction de la moyenne pondérée des actions en circulation chaque jour des exercices financiers concernés. Le bénéfice complètement dilué par action pour 1972 serait de \$.74, et reflèterait l'effet qu'aurait eu sur le bénéfice par action l'exercice des privilèges de souscription d'actions ordinaires consentis aux employés en présumant que les fonds en décaissant seraient utilisés pour réduire l'emprunt bancaire. Le bénéfice ainsi réalisé, après déduction pour impôts serait de \$59,500.

#### 12. Chiffres comparatifs

Les chiffres comparatifs du bilan de 1971 ont été reclassés pour tenir compte de la présentation du bilan de 1972.

1. Principes de consolidation

a) La consolidation des états financiers inclut les comptes de toutes les filiales en propriété exclusive de la compagnie. Le placement dans 50% des actions ordinaires de Consumers Distributing Company (National) Limited est reflété au bilan au coût, augmenté de la participation de la compagnie aux bénéfices non répartis. La participation de la compagnie au bénéfice net est reflétée dans l'état consolidé du bénéfice et des bénéfices non répartis.

Les résultats sommaires d'exploitation de Consumers Distributing Company (National) Limited sont les suivants:

	12 mois terminés 4 mois terminés le 31 décembre	le 31 décembre 1971
Ventes .....	\$ 17,703,693	\$ 5,227,686
Bénéfice net . . . . .	\$ 902,870	\$ 329,224

b) Pendant l'exercice, une filiale en propriété exclusive a formé une société afin d'ouvrir des salles d'exposition pour la vente par catalogue au cet Etats-Unis. En vertu du contrat intervenu à cet effet, la filiale en propriété exclusive de la compagnie a le droit à 50% au bénéfice de l'exploitation des salles ouvertes aux Etats-Unis qui commencera à l'automne 1973 (Note 3).

2. Equipement et améliorations locales

Equipement de bureau, d'en-trepôt et de salles d'exposition	Taux annuels	Coût	Amortissement accumulé	Valeur nette
5% et 10%	\$2,990,456	\$599,505	\$2,390,951	
10% et 20%	799,417	210,653	588,764	
	392,632	85,127	307,505	
	\$4,182,505	\$895,285	\$3,287,220	

Les taux annuels sont appliqués sur le coût d'origine des actifs et ont été établis en fonction de la durée probable de leur utilisation.

3. Frais reportés

	1972	1971
Les coûts d'aménagement des nouvelles succursales sont amortis sur une période de 24 mois pour les succursales de Toronto Métropolitain et sur une période de 36 mois pour les succursales des autres régions, à compter du mois qui suit la date d'ouverture	\$299,603	\$253,108
Les coûts de mise en application des nouveaux systèmes et procédés sont amortis sur diverses périodes n'excédant pas cinq ans	186,601	212,265
Les frais relatifs au contrat de société, contracté par une filiale en propriété exclusive seront au imputés bénéfice de la société (Note 1(b))	218,844	—
	\$705,048	\$465,373

Les frais reportés amortis durant 1972, inclus dans le coût des ventes et les frais d'exploitation inscrits dans l'état consolidé du bénéfice et des bénéfices non répartis s'élevaient à \$224,456 (1971 — \$155,350).

4. Emprunt bancaire

En garantie du prêt qu'elle a consenti, la banque détient en nantissement une charge flottante sur tous les actifs de la compagnie. De plus, la compagnie a fait cession en faveur de la banque de comptes à recevoir et de polices d'assurance-vie pour un montant de \$2,100,000.

5. Impôts sur le revenu

La compagnie pourvoit à ses impôts d'après son bénéfice comptable. Il résulte de cette méthode un report d'impôts qui provient de l'utilisation pour fins d'impôts, de taux d'amortissement supérieurs à ceux comptabilisés dans les livres de la compagnie, et de la réclamation à titre de dépenses de l'exercice, des frais de financement et des autres frais reportés amortis sur quelques exercices dans les livres de la compagnie.

Les impôts sur le revenu de l'exercice ont été réduits de \$32,500 par suite du crédit fiscal de 5% accordé par la province de l'Ontario sur les achats admissibles d'équipement neut.



# Etat Consolidé de la Source et de l'Emploi des Fonds

Exercice terminé le 31 décembre

	1972	1971
Source des fonds		
Exploitation de l'entreprise		
Bénéfice net	\$3,200,609	\$2,221,597
Plus (moins) frais (revenus) ne requérant aucune sortie de fonds		
Amortissement de l'équipement et des améliorations locatives	323,363	231,813
Amortissement des frais reportés	224,456	155,350
Amortissement des frais de financement	12,000	12,000
Impôts sur le revenu reportés	254,408	204,780
Part du bénéfice net de Consumers Distributing Company (National) Limited	(451,435)	(164,612)
Emission d'actions (note 6)	3,563,401	2,660,928
	25,067	1,975
	3,588,468	2,662,903
Emploi des fonds		
Frais reportés	464,131	316,546
Impôts payés pour créer un surplus en main non réparti et libéré d'impôt	77,288	—
Dividendes	429,537	—
Equipement et améliorations locatives	976,875	907,966
PlACEMENT EN ACTIONS DANS CONSUMERS DISTRIBUTING COMPANY (NATIONAL) LIMITED	—	200
Augmentation du fonds de roulement	1,947,831	1,224,712
Fonds de roulement au début de l'exercice	1,640,637	1,438,191
Fonds de roulement à la fin de l'exercice	6,939,073	5,500,882
	\$8,579,710	\$6,939,073

Voir notes annexées

# Bilan Consolidé

le 31 décembre

Actif	1972	1971
Disponibilités		
Encaisse	\$ 189,653	\$ 1,385,247
Comptes à recevoir	679,693	231,594
Stock au moins du coût et de la valeur nette de réalisation	21,252,502	14,083,536
Frais payés d'avance et autres comptes	780,117	887,796
Total des disponibilités	22,901,965	16,588,173
Placement dans Consumers Distributing Company (National) Limited (note 1)	616,247	164,812
Equipement et améliorations locatives au coût moins l'amortissement accumulé (note 2)	3,287,220	2,633,708
Autres postes		
Frais de financement, moins l'amortissement accumulé	90,490	102,490
Frais reportés, moins l'amortissement accumulé (note 3)	705,048	465,373
	795,538	567,863
	\$27,600,970	\$19,954,556
Passif		
Exigibilités		
Emprunt bancaire (note 4)	\$ 4,015,000	\$ 158,000
Comptes à payer et frais courus	7,888,327	8,522,720
Avances de Consumers Distributing Company (National) Limited	1,603,123	250,140
Impôts sur le revenu	815,805	718,240
Total des exigibilités	14,322,255	9,649,100
Obligations non garanties convertibles 9%, série A, échéant le 30 juin 1980 (note 6)	—	2,925,000
Impôts sur le revenu reportés (note 5)	941,425	687,017
Avoir des actionnaires		
Capital-actions (notes 6 et 7)		
Autorisé		
12,000,000 d'actions ordinaires sans valeur au pair		
Emis		
4,453,056 actions ordinaires		
Bénéfices non répartis	3,743,502	793,435
	8,593,788	5,900,004
	12,337,290	6,693,439
	\$27,600,970	\$19,954,556
Voir notes annexées		
JACK STUPP (Administrateur)		
L. S. D. FOGLER (Administrateur)		
Signé pour le conseil d'administration		

CONSUMERS DISTRIBUTING

(Constituée selon la loi des compagnies de la Province d'Ontario)



# Etat Consolidé du Bénéfice et des Bénéfices non Répartis

Exercice terminé le 31 décembre

1972 1971

Revenus		
Ventes	\$55,784,801	\$42,918,081
Part du bénéfice de Consumers Distributing Company (National) Limited (note 1)	451,435	164,612
	56,236,236	43,082,693
Dépenses		
Coût des ventes et frais d'exploitation (note 3)	49,592,967	38,087,198
Intérêts sur obligations non garanties (y compris l'amortissement des frais de financement de \$12,000)	115,680	278,625
Autres intérêts	453,717	208,745
Amortissement de l'équipement et des améliorations locales	323,363	231,813
	50,485,727	38,806,381
Bénéfice avant impôts sur le revenu	5,750,509	4,276,312
Impôts sur le revenu (note 5)	2,549,900	2,054,715
Bénéfice net	3,200,609	2,221,597
Bénéfices non répartis au début de l'exercice	5,900,004	3,678,407
	9,100,613	5,900,004
Impôts payés pour créer un surplus en main non réparti et libéré d'impôt	(77,288)	—
Dividendes, impôts payés	(429,537)	—
Bénéfices non répartis à la fin de l'exercice	\$ 8,593,788	\$ 5,900,004
Bénéfice par action (note 11)	\$ 0.75	\$ 0.55

Voir notes annexées

## Rapport des Vérificateurs aux Actionnaires

Nous avons examiné le bilan consolidé de Consumers Distributing Company Limited et de ses filiales au 31 décembre, 1972 et les états consolidés du bénéfice et des bénéfices non répartis et de la source et de l'emploi des fonds pour l'exercice terminé à cette date. Notre examen a comporté une revue générale des procédés comptables et tels sondages des registres comptables et autres preuves à l'appui que nous avons jugés nécessaire dans les circonstances.

A notre avis, ces états financiers consolidés présentent

Toronto, Ontario  
29 mars 1973

Comptables agréés

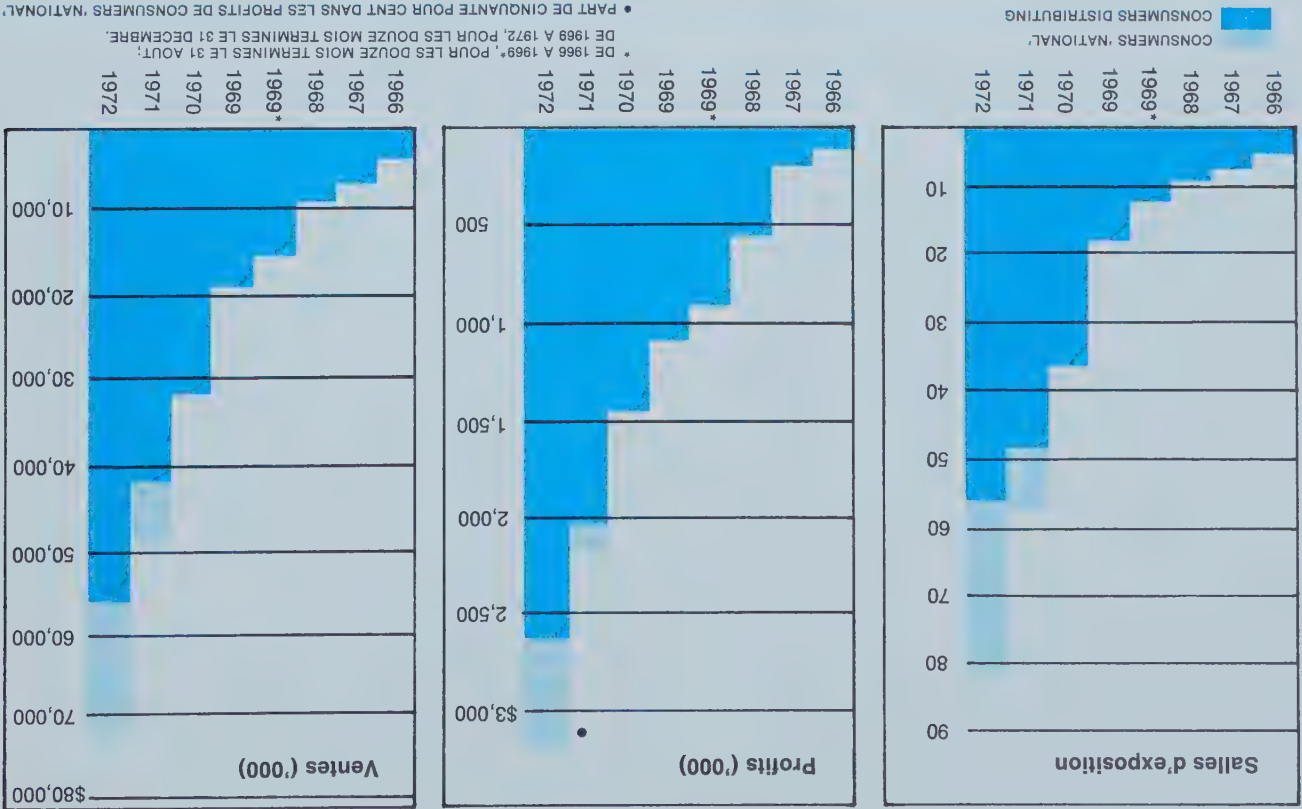
*James M. Robinson, Howard & Howard*

fidèlement la situation financière de ces compagnies au 31 décembre, 1972 et leurs résultats d'exploitation et la source et l'emploi des fonds pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, lesquels ont été appliqués de la même manière qu'au cours de l'exercice précédent.

\* L'EXERCICE 1969\* POUR LES DOUZE MOIS TERMINES LE 31 AOUT;  
1969 A 1972, POUR LES DOUZE MOIS TERMINES LE 31 DECEMBRE;  
\*\* LES DONNEES SUR LES ACTIONS SONT RECTIFIEES POUR TENIR COMPTE DU FRACTIONNEMENT  
DES ACTIONS A RAISON DE DEUX CONTRE UNE, LE 14 AOUT 1972

Ventes (\$ '000's) Consumers Distributing .....	\$55,785	\$42,918	\$31,216	\$19,321	\$15,126
Consumers 'National' .....	17,704	5,228	—	—	—
Part du bénéfice net de Consumers 'National' .....	451	165	—	—	—
Bénéfices avant impôts sur le revenu .....	5,751	4,276	3,011	2,372	1,041
Impôts sur le revenu .....	2,550	2,055	1,589	1,257	1,026
Bénéfice net .....	3,201	2,222	1,421	1,115	915
Fonds de roulement .....	8,580	6,939	5,501	2,168	1,800
Total de l'actif .....	27,601	19,955	14,849	7,165	4,932
Avoir des actionnaires .....	12,337	6,693	4,395	2,973	2,157
Actions en circulation** .....	4,453,056	4,060,250	4,050,000	4,050,000	4,050,000
Bénéfice par action** .....	75¢	55¢	35¢	28¢	23¢
Salles d'exposition .....	56	49	36	18	12
Consumers Distributing .....	26	9	—	—	—
Consumers 'National' .....	—	—	—	—	—

Sommaire comparatif de cinq années





**Consumers 'U.S.'**

Les premières salles d'exposition de vente par catalogue de Consumers Distributing s'ouvriront aux Etats-Unis en 1973, sous l'égide d'une association intervenue entre votre compagnie et The May Department Stores Company de St. Louis. Cinquante salles d'exposition ouvriront leurs portes à l'automne à New-York et San Francisco. La construction est en cours pour un large centre de distribution dans chacune de ces zones.

La propriété de Consumers Distributing Company (U.S.) revient en parts égales à deux compagnies, la May Company finançant la nouvelle spéculation et votre compagnie se chargeant de l'orientation des concepts et de la gestion.

Une équipe administrative expérimentée a été constituée pour diriger Consumers 'U.S.'. Votre président qui est aussi président et directeur administratif de Consumers 'U.S.' a été élu récemment au Conseil d'administration de la May Department Stores Company. Précédemment, et parmi les nominations aux postes de cadres, ont été appelés MM. Wilbert B. Dubin, vice-président administratif, exploitation et administration, Lloyd Swanson, vice-président administratif, commercialisation, et David E. Houseman, contrôleur et directeur financier.

Le quartier général de Consumers 'U.S.' est situé à Secaucus, New Jersey, à proximité de New-York. Les plans prévoient, aux Etats-Unis, l'ouverture aussi rapide que possible de 150 salles d'exposition pour vente par catalogue.

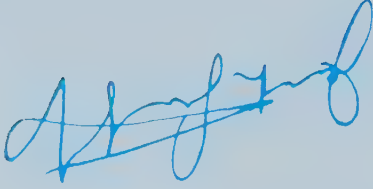
**Perspectives**

Aux Etats-Unis, les opérations seront calquées sur celles de Consumers Distributing étant donné le succès qu'on leur connaît.

**Remerciements**

La commercialisation en salles d'exposition et la vente par catalogue sont aujourd'hui une des formes de commerce au détail qui prend une ampleur sans précédent en Amérique du Nord. Elle constitue un mode de vente unique en son genre mais très étudié qui permet à la clientèle avertie d'obtenir pour son argent des marchandises de toute première qualité. Nous sommes persuadés que l'exceptionnel succès remporté au Canada par Consumers Distributing s'étendra sur une plus vaste échelle aux Etats-Unis étant donné l'ampleur et la vigueur du marché américain.

Au nom du Conseil d'administration, je remercie tous les employés pour les efforts qu'ils ont prodigués pour le succès de la Compagnie, et tous nos clients et fournisseurs qui, grâce à leur appui constant nous ont permis d'atteindre les résultats remarquables de cet exercice.



Toronto  
17 avril 1973

Jack Stupp  
Président



région nord-ouest de Toronto, à la construction d'un nouveau centre géant de distribution qui couvrira une superficie de 625,000 pieds carrés et qui sera occupé par votre compagnie d'après un bail à long terme lorsque la construction sera achevée vers la mi-1973. Ces nouveaux aménagements ont été conçus pour satisfaire les exigences de la distribution et de l'entreposage de Consumers Distributing et de Consumers 'National'.

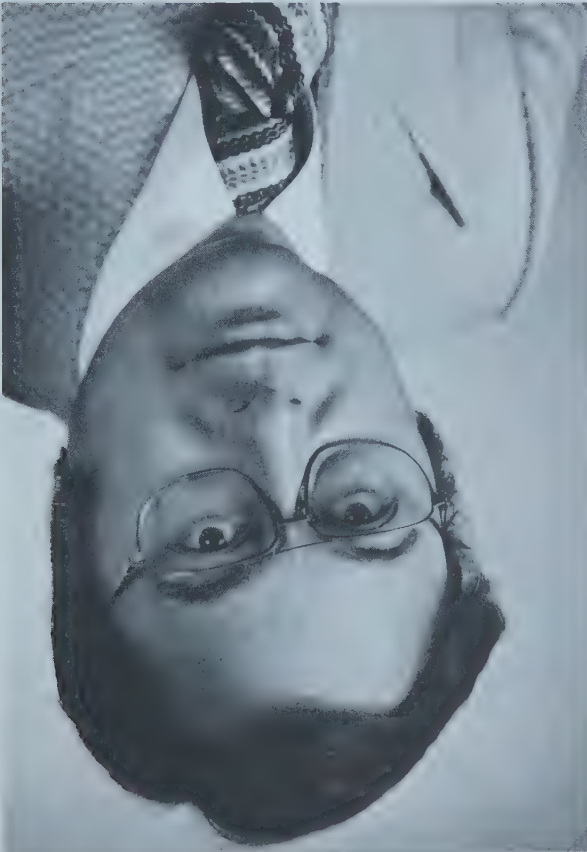
Votre compagnie a ouvert un bureau d'achat à l'étranger, au Japon. Nos importations ont augmenté à une allure record et cette nouvelle entreprise nous permettra de coordonner plus efficacement tous les achats de marchandises de qualité en provenance du Pacifique.

Les stocks de la compagnie au 31 décembre étaient supérieurs à ceux des exercices précédents, comme on pouvait s'y attendre à la suite de l'expansion prise par le programme d'importations. Dans les derniers mois de 1972, prévoyant la réévaluation financière qui s'est en fait matérialisée en février 1973, nous avons accéléré l'allure de nos importations pour atteindre la situation avantageuse qui a été la nôtre au cours des premiers mois de l'exercice en cours.

#### Consumers 'National'

Les ventes pour le premier exercice complet de Consumers 'National' sont passées de \$5,228,000 l'année dernière à \$17,704,000. La part des bénéfices de Consumers 'National' revenant à votre compagnie s'élève à \$451,000 contre \$165,000 en 1971. Ces résultats figurent dans les bénéfices consolidés et les résultats par action rapportés précédemment.

Pendant l'exercice, Consumers 'National' a ouvert ses premiers débouchés dans les Maritimes avec deux salles d'exposition: une à Halifax, l'autre à Moncton. Des débouchés supplémentaires ont ouvert leurs portes dans la province de Québec et, en fin d'exercice, la compagnie 'National' comptait 26 salles d'exposition en exploitation, dont 17 ont été ouvertes en 1972. De plus, une salle d'exposition située dans un centre commercial de Montréal a été agrandie pour tenir compte de l'expansion du volume de ses affaires.



Comme vous le savez, Consumers 'National' appartient en parts égales à votre compagnie et à Oshawa Group Limited. Votre compagnie en assure la gestion, Oshawa le financement.

La part des profits de 'National' revenant à votre compagnie est comprise dans les états financiers consolidés de Consumers Distributing conformément à la méthode équitable adoptée pour ces investissements et à laquelle on se réfère souvent sous l'appellation de consolidation monovalente.

L'expansion de Consumers 'National' dans les Maritimes et le Québec se poursuit en 1973 et jusqu'à date trois débouchés ont été ouverts. De plus, nous avons le plaisir d'annoncer que des plans sont à l'étude pour les premiers débouchés de Consumers Distributing dans l'Ouest du Canada dont l'ouverture est projetée à Winnipeg un peu plus tard dans le courant de l'année.

## À nos actionnaires

Bien que de fondation récente, notre compagnie n'en a pas moins été le théâtre d'événements importants dont aucun n'aura été plus significatif probablement que l'association avec la May Department Stores Company de St. Louis, Missouri, afin d'établir un réseau de salles d'exposition de Consumers Distributing pour la vente par catalogue avec salles d'exposition à travers les États-Unis.

Au Canada, votre compagnie a continué de progresser dans ses entreprises en propriété exclusive en Ontario et dans Consumers Distributing Company (National) Limited, dans laquelle nous avons un intérêt de 50 pour cent. A la fin de l'exercice, le nombre total de salles d'exposition s'élevait à 82, contre 58 l'année précédente. Les ventes combinées de Consumers Distributing et de Consumers l'année der-

nières à \$73.4 millions pour l'exercice 1972. Les profits en tout pour votre compagnie, y compris la part qui lui revient dans les bénéfices de Consumers 'National', se sont élevés à \$3,201,000 contre \$2,222,000 pour l'exercice précédent. Les bénéfices par action se sont accrus de 36 pour cent par rapport à l'exercice précédent, passant de 55 cents à 75 cents.

En 1971, les bénéfices par action avaient été rectifiés pour tenir compte du fractionnement à raison de deux actions pour une qui eut lieu le 16 août 1972. Les résultats de 1972 englobent les actions émises au cours de l'exercice sur la conversion des déventures dont l'émission intégrale a été rappelée pour rachat le 11 août.

## Consumers Distributing

En 1972, dans les salles d'exposition de l'Ontario, les ventes se sont poursuivies à la vitesse acquise, passant de \$42,918,000 un an plus tôt à \$55,785,000. Pendant l'exercice, votre compagnie a ouvert sept nouvelles salles d'exposition dans l'Ontario et deux débouchés ont été installés dans de nouveaux locaux. A la fin de l'exercice, la compagnie exploitait au total 56 débouchés. Un grand nombre de nouveaux emplacements sont en voie de préparation pour l'ouverture en 1973.

Votre compagnie ne s'éloigne pas de la ligne de conduite adoptée quant à l'ouverture des salles d'exposition c'est-à-dire de les situer dans les meilleurs quartiers commerciaux et souvent dans des locaux construits selon nos spécifications situés, sinon dans les centres commerciaux mêmes, du moins à proximité immédiate.

En octobre, nous avons accueilli dans nos rangs. M. Larry Sperling qui a été nommé vice-président administratif de Consumers Distributing Company Limited. M. Sperling a assumé la gestion administrative de l'exploitation de la compagnie qu'il fera profiter d'une expérience de 20 ans tant dans le domaine financier que comptable puisqu'il était adjoint au président de IBM Canada Ltd.

L'essor pris par la compagnie ne lui permet plus de fonctionner sur les 225,000 pieds carrés de son centre de distribution et ses aménagements ont été augmentés, pendant la saison de pointe d'automne, de cinq entrepôts satellites.

Actuellement, on procède à Malton, dans la



## Administrateurs

**Jack Stupp**, président du Conseil et président,  
**L. S. D. Fogler, C.R.**, avocat, Toronto  
**A. J. Latner**, président de Greenwin Construction Company, Toronto  
**Lillian Stupp**, Toronto  
**H. L. Wolfson**, économiste-conseil, Toronto

## Direction

**Jack Stupp**, président du Conseil et président  
**Larry Sperling**, vice-président administratif  
**Albert Binstock**, vice-président, Commercialisation  
**George Graff**, vice-président, Exploitation  
**Peter M. C. Onions**, vice-président et contrôleur  
**Reginald J. Robertson**, vice-président, Expansion  
**A. Roy Voelker**, vice-président, Personnel  
**L. S. D. Fogler, C.R.**, secrétaire-trésorier

## Agent des transferts et d'immatriculation

Guaranty Trust Company of Canada, Toronto

## Vérificateurs

Laventhol Krekstein Horwath & Horwath, Toronto

## Banque

Banque Canadienne Impériale de Commerce

## Bourse

Bourse de Toronto

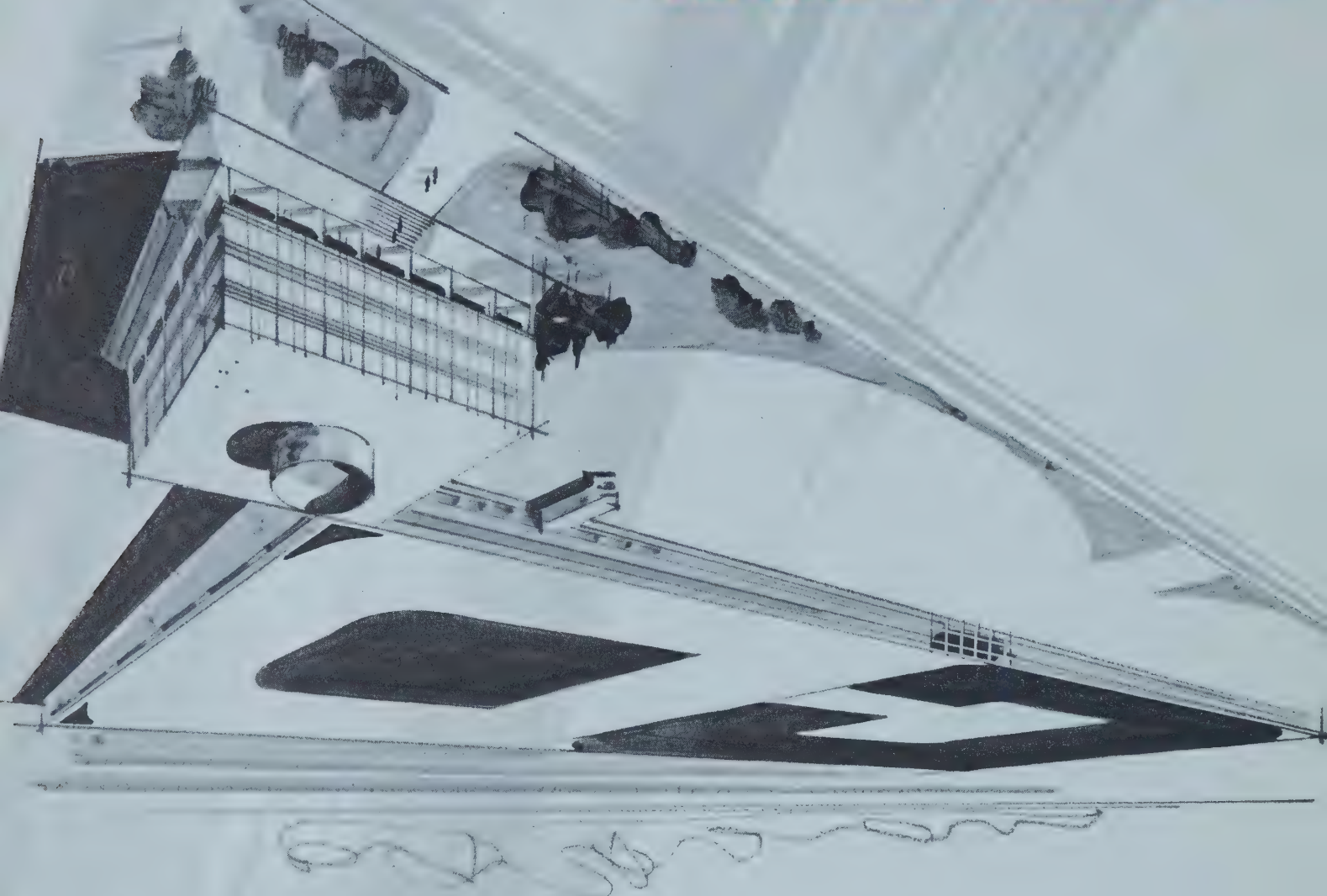
## Siège social

62 Belfield Road, Rexdale, Ontario M9W 1G2

## Faits Saisants

<b>Ventes</b>	Consumers Distributing .....	<b>\$55,785,000</b>	<b>\$42,918,000</b>
	Consumers 'National' .....	<b>\$17,704,000</b>	<b>\$ 5,228,000</b>
<b>Bénéfice net</b> .....		<b>\$ 3,201,000</b>	<b>\$ 2,222,000</b>
<b>Bénéfice par action</b> .....		<b>75¢</b>	<b>55¢</b>
<b>Fonds de roulement</b> .....		<b>\$ 8,580,000</b>	<b>\$ 6,939,000</b>
<b>Actions</b>	Nombre en circulation à la fin de l'exercice ..	<b>4,453,056</b>	<b>4,060,250</b>
<b>Salles d'exposition (à la fin de l'exercice)</b>	Consumers Distributing .....	<b>56</b>	<b>49</b>
	Consumers 'National' .....	<b>26</b>	<b>9</b>

Couverture: nouveau centre géant de distribution d'une  
étendue de 625,000 pieds carrés de Consumers Distributing  
au nord-ouest de Toronto.





# 65 SHOWROOMS IN 48 ONTARIO AND QUEBEC COMMUNITIES:

## ONTARIO

### MISSISSAUGA

93 Dundas Street East

## BARRIE

353 Bayfield Street

### NIAGARA FALLS

Dorchester Rd. Plaza  
(6847 Morrison Street)

## BELLEVILLE

211 North Front Street

## BRAMPTON

239 Queen Street East

### NORTH BAY

Nipissing Plaza

## BRANTFORD

331 King George Rd. N.

### OAKVILLE

1054 South Service Road

## BROCKVILLE

71 Parkdale Avenue

### OTTAWA

1616 Merivale Road  
254 Preston Street  
867 St. Laurent Boulevard  
1440 Walkley Road

## BURLINGTON

2340 Fairview Avenue

## CHATHAM

351 Richmond Street

### OWEN SOUND

Highways 21 & 6

## CORNWALL

1340 Second Street East

### PETERBOROUGH

Market Place  
Shopping Centre  
(83 George St.)

## GALT

551 Hespeler Road

## GUELPH

220 Victoria Road South

### RICHMOND HILL

9741 Yonge Street

## HAMILTON

25 Cannon Street East  
319 Nash Road North  
1050 Upper James Street

### SARNIA

1249 London Road East

## KINGSTON

71 Princess Street

### SAULT STE. MARIE

293 Northern Avenue

## KITCHENER

1253 King Street East

### ST. CATHARINES

224 Glendale Avenue  
43 James Street

## LONDON

476 Clarke Road  
390 Springbank Drive  
352 Talbot Street

### STRATFORD

447 Huron Street

### SUDBURY

918 Barrydowne Road

### THUNDER BAY

Intercity Plaza

### TORONTO

818 Dufferin Street  
370 Pape Avenue  
585 St. Clair Avenue West

### EAST YORK

660 Eglinton Avenue East

### ETOBICOKE

62 Beifield Road  
5230 Dundas Street West

### NORTH YORK

877 Wilson Avenue  
5825 Yonge Street

### SCARBOROUGH

301 Danforth Road  
1536 Midland Avenue

### YORK

1200 Castletfield Avenue

### WATERLOO

25 King Street South

### WELLAND

Lincoln Plaza,  
Lincoln St. E.

### WHITBY

1810 Dundas Street East

### WINDSOR

2400 Dougall Avenue  
7540 Tecumseh Road East

### WOODSTOCK

972 Dundas Street

## QUÉBEC

### MONTREAL

1646, rue St. Catherine  
6580, rue St. Hubert  
7275, rue Sherbrooke est

### DORVAL

305, avenue Dorval  
2315, boulevard Hymus

### LAFLÈCHE

3535, boul. Taschereau

### LASALLE

8371, boulevard Newmann

### LAVAL

3370, boulevard St. Martin

### LONGUEUIL

2930, chemin Chambly

### ST. LAURENT

1120, boul. Laurentien

### ST-LÉONARD

9235, boul. Lacordaire

### GRANBY

848, rue Principale

Consumers  
Distributing

interim report to shareholders  
six months ended June 30, 1972

## To our Shareholders

I am pleased to report the following results for the second quarter and the six months ended June 30.

	Three months ended June 30		Six months ended June 30	
	1972	1971	1972	1971
<b>Sales</b>				
	\$12,381,275	\$8,401,743	\$19,462,821	\$13,425,043
<b>Net Profit</b>				
	515,843	325,085	575,397	362,485
<b>Earnings Per Share</b>				
	25.2 cents	16.1 cents	28.1 cents	17.9 cents

The 1972 profits reflect Consumers Distributing's share in the operations of Consumers 'National'. The 'National' company, in which we have a fifty percent interest, did not commence operations until September of last year.

I am pleased to inform you that a definitive contract has been signed with The May Department Stores Company to form a new company which will operate a major chain of catalogue-showroom outlets in the United States. We are confident this will provide exciting new growth opportunities for your company.

The new company is to be owned equally by the May Company and Consumers Distributing. The May Company is to provide the financing for the new venture and your company will provide management and operational expertise.

I am proud to announce that this new chain of catalogue-showrooms is to carry the Consumers Distributing name throughout the United States. It is our present intention that the new company will open a minimum of 150 catalogue-showroom outlets as rapidly as possible.

Meanwhile, expansion in Canada is continuing at a brisk pace. The 45 percent sales increase from the Ontario stores results from new showrooms and further market penetration in a strong consumer buying market.

In the six months under review, we opened four additional showrooms in Ontario and relocated two existing outlets to new premises. Your company now operates 53 catalogue-showrooms in this province, with more outlets scheduled for opening in the coming months.

Through Consumers 'National' our major expansion in the province of Quebec is proceeding rapidly. To date this year, three outlets have been opened for a total of 12 in operation. Leases have been signed for 15 additional showrooms, with the majority of these scheduled for opening in the fall months.

At a meeting held August 10, shareholders approved a two-for-one split of the company's common shares. The authorized capital will be increased to 12 million shares, of which 4,650,000 will be issued or reserved for issue.

We have called for redemption on August 11 of the company's Series A convertible debentures. Issued in June, 1970, this is the company's only debt security. To date, more than \$2.3 million of the original \$3 million issue has been converted by holders into common shares.

On June 27, your company filed a registration statement pursuant to the United States Securities Exchange Act of 1934 in respect of all of the company's common shares. The registration statement has been provisionally accepted by the Securities & Exchange Commission and becomes effective in 60 days from the date of filing. When effective, the registration will enable U.S. residents to trade in Consumers Distributing shares through broker/dealers on the U.S. over-the-counter market.

The outlook for further growth of your company remains excellent. Canadian retail sales are surging to record levels, providing a strong background for our business through the second half. As you know, your company enjoys its peak selling season during the fall months.

Toronto  
August 23, 1972

Jack Stupp  
President

NOTE 1: The company has adopted the equity method of accounting for its investment in 50 percent of the common shares of Consumers Distributing Company (National) Limited. The company's share of net earnings is reflected in the consolidated statement of income and retained earnings.

NOTE 2: Earnings per share are calculated using the weighted daily average of shares outstanding during the respective periods.

NOTE 3: Earnings for 1971 have been restated based on the actual gross profit margin obtained for the year ended December 31, 1971.

## Consolidated Statement of Income

Six months ended June 30	1972	1971 (note 3)
(Unaudited)		
Sales	\$19,462,821	\$13,425,043
Share of net earnings of Consumers Distributing Company (National) Limited (note 1)	40,985	—
Costs and expenses	19,503,806	13,425,043
Income before income taxes	18,425,128	12,700,073
Income taxes	1,078,678	724,970
Net income	503,281	362,485
	\$ 575,397	\$ 362,485
Earnings per share (note 2)	28.1¢	17.9¢

## Consolidated Statement of Source and Application of Funds

(Unaudited)	1972	1971 (note 3)
Source of Funds		
From operations		
Net income	\$ 575,397	\$ 362,485
Add (deduct) charges (credits) to income not requiring a current outlay of funds		
Depreciation and amortization of equipment and leasehold improvements	138,770	104,680
Amortization of deferred charges	119,319	80,062
Amortization of financing charges	6,000	6,000
Deferred income taxes	76,399	130,133
Share of net earnings of Consumers Distributing Company (National) Limited (note 1)	(40,985)	—
Issue of shares	874,900	683,360
	4,387	—
Application of Funds		
Deferred charges	102,856	97,725
Equipment and leasehold improvements	295,906	306,309
Dividends declared out of tax paid undistributed surplus	244,129	—
	642,891	404,034
Increase in working capital	236,396	279,326
Working capital at beginning of period	6,939,073	5,500,882
Working capital at end of period	\$ 7,175,469	\$ 5,780,208



**CONSUMERS DISTRIBUTING COMPANY LIMITED**

**NOTICE OF ANNUAL  
MEETING OF SHAREHOLDERS**

TAKE NOTICE that the Annual Meeting of the Shareholders of CONSUMERS DISTRIBUTING COMPANY LIMITED (the "Corporation") will be held at the Royal York Hotel, Toronto, Ontario, on Tuesday, the 9th day of May, 1972, at the hour of 2:00 o'clock in the afternoon (Toronto time) for the following purposes:

1. To receive and consider the annual report containing the financial statements made up of the consolidated balance sheet of the Corporation and its subsidiary Corporations as at December 31, 1971, and the consolidated statements of income and retained earnings and source and application of funds for the year ended on the said date, together with the report of the auditors thereon.
2. To elect Directors.
3. To appoint auditors and to authorize the Directors to fix their remuneration.
4. To transact all such other business as may properly come before the meeting or any adjournment or adjournments thereof.

A copy of the annual report containing the consolidated financial statements of the Corporation and its subsidiary Corporations and the auditors' report for the fiscal year ended December 31, 1971, and an Information Circular and a Proxy form accompany this Notice.

DATED at Toronto, Ontario, this 30th day of March, 1972.

By Order of the Board,

LLOYD FOGLER

Secretary.

NOTE: Shareholders who are unable to attend the meeting are kindly requested to specify on the enclosed form of instrument of proxy the manner in which the shares represented thereby are to be voted, date, sign the form of instrument of proxy and return same in the envelope provided for that purpose.



# CONSUMERS DISTRIBUTING COMPANY LIMITED

## INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation by the management of CONSUMERS DISTRIBUTING COMPANY LIMITED (hereinafter sometimes called the "Corporation") of proxies to be voted at the Annual Meeting of the Shareholders of the Corporation called for the purposes set forth in the accompanying Notice of Meeting and to be held at the Royal York Hotel, Toronto, Ontario, on the 9th day of May, 1972, and at any adjournment or adjournments thereof. Solicitation of proxies will be by mail, and the cost of solicitation by or on behalf of the management will be borne by the Corporation.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of Instrument of Proxy shall represent the management at the said Annual Meeting of Shareholders. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY ACCOMPANYING THIS INFORMATION CIRCULAR. TO EXERCISE THIS RIGHT, THE SHAREHOLDER MAY INSERT THE NAME OF THE DESIRED PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY AND STRIKE OUT THE OTHER NAMES OR MAY SUBMIT ANOTHER APPROPRIATE PROXY.

A Shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and delivering it to the Secretary of the Corporation before the time of the meeting, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it either to the head office of the Corporation at anytime up to and including the last business day preceding the day of the meeting, or any adjournment thereof, or to the Secretary of the Corporation or the Chairman of the meeting on the day of the meeting, or any adjournment thereof. The written notice of revocation may be executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

### EXERCISE OF DISCRETION OF PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE ANNUAL REPORT CONTAINING THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CORPORATION AND ITS SUBSIDIARY CORPORATIONS TOGETHER WITH THE REPORT OF THE AUDITORS; FOR THE ELECTION OF DIRECTORS PROPOSED BY MANAGEMENT; FOR THE APPOINTMENT OF AUDITORS AND FOR THE AUTHORIZATION TO THE DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS. The enclosed form of instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual Meeting and with respect to other matters which may properly come before the meeting. At the time of the printing of this circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the said Notice. However, if any other matters which are not now known to the management should properly come before the meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy. The shares represented by the enclosed form of proxy will be voted as hereinbefore provided on any ballot that may be called for.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at the 30th day of March, 1972, 2,061,864 common shares without par value in the capital of the Corporation were issued and outstanding, each carrying one vote. Only holders of record at the close of business on the 8th day of May, 1972, will be entitled to vote at the Annual Meeting referred to in the accompanying Notice of Meeting.

To the knowledge of the Directors or Senior Officers of the Corporation the only persons who beneficially own, directly or indirectly, more than 10% of the equity shares of the Corporation are:

<u>Name</u>	<u>Approximate No. Shares</u>	<u>Percentage of Outstanding Equity Shares Represented</u>
Jack Stupp	495,000	24%
The Jack Stupp Trust, a Trust of which Jack Stupp is principal beneficiary	137,200	6.65%



The Jack Stupp Trust, the Lillian Stupp Trust, The Rochelle Stupp Trust, The Randall Stupp Trust and The Cyd Stupp Trust, beneficial owners in the aggregate of approximately 26% of the outstanding common shares of the Corporation, have all agreed to execute and deliver proxies in favour of management.

### ELECTION OF DIRECTORS

It is proposed that the persons whose names are set forth below will be nominated for election as Directors of the Corporation, to hold office from the date of election until the first following Annual Meeting of Shareholders of the Corporation, or until their respective successors shall be elected or appointed.

The management does not contemplate that any of such nominees will be unable to serve as a Director, but if that should occur for any reason prior to or at the time of the meeting, the persons named in the form of proxy reserve the right to vote for another nominee in their discretion.

The following table states the names of all persons proposed to be nominated for election as Directors, all other positions and offices presently held by them and with the Corporation and their principal occupations or employment, the date on which each first became a Director of the Corporation and the approximate number of common shares in the capital of the Corporation beneficially owned by each, directly or indirectly. The information as to such shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the persons proposed to be nominated.

<u>Name</u>	<u>Position with the Company</u>	<u>Principal Occupation Within the Previous 5 Years</u>	<u>Director Since</u>	<u>Approximate No. of Common Shares Beneficially Owned Directly or Indirectly as of March 30, 1972</u>
Jack Stupp	Chairman of the Board and President	President of Consumers Distributing Company Limited	Dec. 6, 1956	632,200
Lloyd Fogler, Q.C.	Secretary- Treasurer and Director	Barrister and Solicitor, Partner, Siegal, Fogler	Oct. 31, 1968	11,745
Harry L. Wolfson	Director	Economic Consultant	Nov. 15, 1968	1
Albert J. Latner	Director	President, Greenwin Construction Company	Nov. 15, 1968	2,910
Lillian Stupp	Senior Officer and Director	Senior Officer of Consumers Distributing Company Limited and Married Woman	Feb. 12, 1970	113,200

### REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Corporation and its subsidiaries whose financial statements are consolidated with those of the Corporation to the Directors and Senior Officers of the Corporation during the Corporation's last completed financial year was \$182,128.00.

The estimated aggregate cost to the Corporation and its subsidiaries in the Corporation's last completed financial year of all pension benefits proposed to be paid by the Corporation or its subsidiaries under any normal pension plan, directly or indirectly, to Directors and Senior Officers of the Corporation in event of retirement at normal retirement age is \$5,000.00.

On the 12th day of November, 1969, the Board of Directors of the Corporation established the Consumers Distributing Company Limited Employee Stock Option Plan (hereinafter referred to as the "Plan"). Under the provisions of the Plan, the Corporation is authorized to enter into Stock Option Agreements with employees with respect to an aggregate of 100,000 common shares without par value in the capital of the Corporation and the Corporation has allocated sufficient common shares in its capital for that purpose. As at the 30th day of March, 1972, the Corporation had granted options to employees and Senior Officers of the Corporation (not Directors) to purchase an aggregate of 69,550 common shares at option prices ranging from \$15.50 to \$26.50; these options expire 10 years from their respective dates of issuance. All options granted by the Corporation pursuant to the provisions of the Plan are exercisable at prices to be fixed by the Board of Directors (the options already granted have been granted at the prices referred to above) provided that such prices shall be fixed at no more than 10% below the price of the shares on The Toronto Stock Exchange at the time each option is granted. A summary showing the price range of the shares of the Corporation during the 30-day period immediately preceding the granting of the aforesaid options is not readily ascertainable; all options granted under the Plan have been granted at prices which were less than 10% below the then prevailing price of the common shares of the Corporation on The Toronto Stock Exchange on the date of the grant of each respective option.

### APPOINTMENT OF AUDITORS

The persons named in the enclosed form of Instrument of Proxy intend to vote for the reappointment of Messrs. Laventhol Krekstein Horwath & Horwath as auditors of the Corporation to hold office until the next Annual Meeting of Shareholders at a remuneration to be fixed by the Board of Directors, the Board of Directors being authorized to fix such remuneration. Messrs. Vise, Rumack, Hecker, Stal & Hayeems were auditors of the Corporation since in or about the year 1963 until the year of 1968 when they merged with Messrs. Laventhol Krekstein Horwath & Horwath, who have continued as auditors of the Corporation to the present time.

### GENERAL

Information contained herein is given as of the 30th day of March, 1972. If any matters which are not known should properly come before the meeting, the accompanying Instrument of Proxy will be voted on such matters in accordance with the best judgment of the person voting it.

DATED as of March 30th, 1972.

CONSUMERS DISTRIBUTING COMPANY LIMITED

Per: LLOYD FOGLER

Secretary.